

good by the contributing Governments. Although in the year 1904-5 the receipts were swelled by the earnings of the "Iris," an item which cannot be expected to recur, it is satisfactory to note that the deficiency to be met by the contributing Governments in the second year of the cable's working is less than the annuity due on account of capital.

The financial results of the year 1904-5 are set forth in the following statement:—

<i>Receipts.</i>							
		£	s. d.	£	s. d.		
Traffic receipts	...	84,301	9 1				
Less "date and time," &c., payments	...	2,113	7 8				
				82,188	1 5		
Interest on deposits	...			139	14 3		
Received for repair services rendered by H.M.C.S. "Iris"	...			5,118	15 0		
Deficiency recoverable in the following proportions:—							
England	...	21,069	8 6				
Canada	...	21,069	8 6				
Australia	...	25,283	6 2				
New Zealand	...	8,427	15 4				
				75,849	18 6		
				£163,296	9 2		

<i>Expenditure.</i>							
Second annuity payment	...			77,544	18 0		
Head office (salaries and expenses)	...			4,673	14 9		
Head office (advertising, canvassing, engineers' fees, royalties, and cost of remitting money Home)	...			1,230	11 0		
Stations (salaries and expenses)	...			28,669	17 2		
Ship (salaries and expenses)	...			14,835	16 8		
Provident Fund	...			1,341	11 7		
Renewal Account	...			35,000	0 0		
				£163,296	9 2		

5. The Renewal Fund, including interest, amounted on the 31st March last to £88,582 11s. 3d.; £12,500 of this sum was held in spare cable. The amount of £66,569 0s. 7d. was invested in Home and colonial securities as shown in Statement VI, while a balance of £9,513 10s. 8d. was in hand, a part of which has since been invested. All interest earned on the investments is added annually to the fund, and is not treated as part of the revenue of the year.

6. The Board's forecast of its probable revenue and expenditure during the year 1905-6, as submitted to their Lordships on the 30th December last, is as follows:—

	£		£
Traffic revenue	82,000	Annuity	77,545
Estimated deficit	86,017	Renewal Fund	34,000
		Working-expenses	56,472
	£168,017		£168,017

7. The land-line services in Canada, Australia, and New Zealand in connection with the cable have been generally well maintained by the Governments concerned and by the Canadian Pacific Railway. A blizzard of exceptional severity interrupted telegraphic communication in Eastern Canada and the United States in November last, but the lines have suffered less than usual in Western Canada. The Atlantic companies have afforded uninterrupted cable communication, and a rapid and efficient service, throughout the year.

8. The Board is glad to be able to acknowledge the good service rendered by the staff during the year, and the constant and loyal endeavours that have been made at all the stations to maintain a high standard of speed and accuracy in dealing with the traffic.

9. The health of the staff has been generally satisfactory, notwithstanding the unfavourable climatic conditions of several of the stations and the fact that so much of the traffic has to be dealt with at night. At Fanning Island, where the staff is very isolated, and where there are exceptional difficulties in victualling, &c., the Board is glad to report that no serious illness has occurred. Arrangements have been made for a call at the island once every two months by the northward-bound steamers of the Canadian-Australian line.

10. The Board regrets to report the death of Captain W. H. Lacy, commanding H.M. cable-ship "Iris," which occurred on the 12th April, 1904, at sea, on his voyage to England on sick leave. Captain Lacy devoted much attention to the completion and equipment of the "Iris," and under his command the vessel made the long voyage from London to Vancouver and back to New Zealand. Captain T. W. Sharp, chief officer, succeeded Captain Lacy in the command, and the ship has since effected successful repairs of the cable between Australia and New Caledonia.

11. The Conference referred to in the final paragraph of the report for 1903-4 of the various Governments interested in the cable under the presidency of Mr. Lyttelton, the Secretary of State for the Colonies, will open its sittings in London on the 21st June, 1905.

I have, &c.,

The Secretary, His Majesty's Treasury, Whitehall, S.W.

S. WALPOLE, Chairman.